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BUSINESS RETENTION AND EXPANSION

GETTING STARTED

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I. Introduction

The Business Retention and Expansion Program (R&E) is a structured, locally-implemented, action-oriented economic development project aimed at stimulating local economic development and growth by assisting existing firms. Since 1986, 80 communities have participated in industrial/retail/tourism programs in the Ohio program. Several other states have similar programs. The short-run objectives of R&E programs are to demonstrate the community's pro-business attitude, to develop a detailed data base about local establishments, and to solve immediate/short-term problems. Longer-term objectives are to increase the competitiveness of local business establishments, to establish goals over a two to five year time horizon and strategically plan how to accomplish those goals, and to develop a structure for continuation of the R&E process. In this paper we discuss important conditions and factors which need to be in place before beginning the R&E program if it is to be successful, and the critical factors and procedures to necessary implement a Retention and Expansion Program (Tourism, General Retail or Industrial) in your local community. The R&E process and relevant examples are taken from programs completed in the state of Ohio.

II. Getting Ready for R&E

In this section, the factors necessary to get ready for a successful R&E program are discussed. The R&E program is a labor intensive program, requiring many hours of input on the part of community leaders, the support and input of a rather large number of influential community people on the Task Force or coordinating committee and as volunteer business visitors, and the commitment and resolve to keep the R&E spirit and effort alive through the implementation of a strategic plan and continued business contacts either through formal R&E programs or through less formal ongoing business contacts. For success in R&E, therefore, it is essential that broad-based support for and commitment to the program be developed before the program begins.

1. Local community leaders develop support for the program

The community leaders which take the lead in developing support for R&E vary depending on the structure of the community. Usually, R&E is conducted on the county level. County-wide organizations are in the best position to undertake the task of building support because they have county-wide focus. The chamber of commerce director, community improvement corporation director, economic development director, county planning commission director, county Extension agent, or Sea Grant Extension or MAS agent are prime candidates for developing support for the R&E program. At sub-county, usually city, levels, the local chamber of commerce executive, planning commission director, development department director, or local Extension agent are in the best position to develop support.

2. The program has effective and competent leadership

The R&E program is led by a Task Force or coordinating committee with the key positions of Coordinator (Chair) and Assistant or Co-Coordinator, and Consultant. Primary leadership for the R&E program comes through the Coordinator(s). It is often the coordinators who develop initial support for the program. It is the coordinators who are responsible for seeing that the R&E tasks at each step of the process are carried out. Therefore, it is critical that the coordinators have the time and be sufficiently aggressive so that R&E procedures are carried out in a timely manner. The role of the Consultant is to be familiar with state programs which can be used to assist local businesses, and to help businesses use these programs.

3. Task Force and volunteer visitors have broad community representation

The Task Force has four responsibilities: to assist in developing the local issues about which the program wants to solicit information from businesses, to help find volunteers to visit businesses, to assist in solving local business problems identified during the business visits, and to write the strategic plan. The volunteer visitors of course carry out the business visits. It is particularly important that the Task Force members be respected community members who can legitimize the R&E program, particularly the strategic plan. It is also critical to select Task Force members who support the R&E program and will be active members of the process. The volunteers must also be respected community members so that business owners or managers will be willing to be interviewed.

4. Local development organizations provide sponsors and financial support

As operated in Ohio, the local community must provide the operating resources for travel, data analysis, and report production (currently $1,800 is charged in Ohio). The larger cost, however, is for the human resources to carry out the program. For these reasons, it is important that local development organizations not only provide the financial support, but provide sponsorship in the form of time commitments of the personnel needed to conduct the program.

5. The primary sponsoring organization has an organized, well-managed staff

Also the state staff from Ohio State University Extension, in the case of Ohio, take most of the burden of materials preparation, data compilation and analysis, and report writing off the local community, there are still significant local needs for the services of local staff. There are labels to be typed, questionnaires to be duplicated and mailed to businesses to be visited, questionnaires to collect and copy, and meetings of the Task Force to be called and organized. A paid staff person is almost essential to assist the coordinators with these tasks.

III. Tasks and Procedures for the Retention and Expansion Program

The purpose of this section is to highlight the tasks and procedures in the R&E process. A handbook is available from the Ohio program which provides detailed information on carrying out each step.

Business Visitation Process

The Retention and Expansion Program consists of a business visitation process and a visitors/customer survey (available for a retail/tourism program). The visitation process includes seven main steps:

1. Program coordinators and consultant receive training from R&E staff to make them familiar with the R&E program and formulate a Task Force.

The Task Force consists of eight to 12 persons who can make things happen in the local community. Representatives from the Visitors Bureau, Chamber, CIC, Planning Commission, SBDC, Financial Institutions, Educational Institutions, etc., are usually appropriate. The Task Force Coordinators must be persons willing to take the lead in conducting the R&E program. Before the task force is finally formulated, the R&E coordinators should meet with the state R&E staff to understand the procedures of the program. The final step in the training occurs when a state R&E staff member assists the local coordinators and consultant in conducting two practice visits and then meets with the entire Task Force to brief them on the R&E program.

This preparation stage also includes several administrative steps to assemble information necessary for the program:

a) <u>assemble the list of firms to be visited</u>

The coordinators together with the task force need to complete the list of firms to be visited. The number of firms to be visited is flexible. However, it is recommended that communities visit between 50 and 70 firms. The selection of the firms to be visited can be randomly chosen from different business types, for example, in a tourism program from hotels, motels, restaurants, marinas, and sport shops. It is also recommended that communities select the firms from different geographic locations.

b) recruit volunteer visitors

The coordinators and the task force need to solicit volunteers to visit firms. Volunteers visit firms in teams of two. It is recommended that each volunteer team visits no more than four firms. Therefore, the suggested number of volunteers equals one-half the number of firms you plan to visit. For example, you need 26 to 36 volunteers, in 13 to 18 teams, to visit 50 to 70 firms.

c) practice visits and task force meeting

Two firms are selected to be interviewed for the practice visits. The survey is sent to each firm before the scheduled visits. Then, the state R&E staff member, along with the Task Force leaders, conduct the interviews. Communities should schedule one visit in the morning and the other in the afternoon. After the practice visits, the Task Force meets to discuss procedures and the effectiveness of the practice visits.

2. State R&E staff and coordinators train volunteer visitors to conduct firm visitations.

After volunteer visitors have been recruited, two volunteer training sessions are held to prepare the volunteers for their visits. Before holding the training sessions, the coordinators need to send the state R&E staff the following information:

1) the list of visitors paired into teams of two and each volunteer team's firm assignment;
2) two sets of adhesive labels with the names, addresses, and phone numbers of each volunteer visitor; and
3) one set of adhesive labels with the names, contact person, addresses, phone numbers, and SIC codes (if available) of each firm to be visited;

Using this information, the R&E staff prepares the visitation packets for each volunteer visitor. Communities send an invitation card which includes a two training session time schedule and the location to each volunteer visitor. The volunteer visitors need to attend one training session. Our experience shows that if volunteer visitors attend the training session, then they will more often complete the visits. One training session should be held during the late afternoon and the other training session should be held during the early evening hours. This method of scheduling the training sessions has proven to be effective for R&E programs in Ohio. Communities also need to mail a cover letter with a copy of the survey instrument to each firm to be visited three to four days before visitor training. This allows the visitors to begin calling businesses immediately after the volunteer training to begin scheduling interviews.

3. Task Force reviews the surveys during visitation process.

As the visits occur, the coordinator needs to keep track of visits completed and remind teams to set up interviews if they are lagging. The Task Force is to meet periodically to review batches of 10 to 15 surveys per meeting to see what problems have been identified which can be addressed. As group of surveys are completed, they are to be copied and sent to the state R&E staff so the R&E staff can begin processing data.

4. Prepare data analysis and reports.

The state R&E staff compiles and analyzes the data obtained from the visitations and generates a draft report of the R&E program which identifies major issues from the survey and includes a suggested set of strategic recommendations as a starting point for strategic plan development.

5. Data Review Meeting.

The state R&E staff sends a copy of the draft report and recommendations to the coordinators. The coordinators copy and distribute the report and recommendations to the Task Force. Once the Task Force reviews the document, an R&E staff member goes to the community to discuss the results with the Task Force. The staff member then takes the Task Force through a nominal group process to focus on those actions/recommendations which are most important/desirable to the Task Force and the community. Any actions of priority to Task Force members are entertained during the nominal group process.

6. The Task Force writes it final strategic plan.

In the Ohio R&E program, the Task Force writes the strategic plan. The plan is to contain no strategic recommendations which the Task Force does not want to adopt. Finalization of the plan require additional Task Force meetings. Once the final plan is written, it is sent to the state staff where two reports are produced: 1) a complete report of all results of the surveys and the strategic plan for limited distribution, and 2) an executive summary report (eight to 12 pages) of the major results and the strategic plan. For programs in Ohio, 250 copies of the executive summary report are produced for distribution.

7. Community Meeting.

The final step is a meeting where the final results of the program and the Task Force's proposed actions are announced. This can be a breakfast, lunch, dinner or reception; it is usually best to incorporate it into an ongoing function (chamber of commerce quarterly meetings, lions monthly meetings, etc.) where community leaders normally gather to maximize participation.

Visitors/Consumer Survey Process

The second component of the R&E Program for Retail and Tourism is the Visitors or Consumer (residential) Survey. These surveys can be helpful in identifying the needed marketing efforts to attract more visitors/customers to local retailers and the local problems which need to be resolved in order to improve the retail business climate (recreation or general retail). There are six major steps to complete the survey process as it is conducted in Ohio:

1. Specify survey base.

   The coordinators need to decide on the sample size (500-600 customers or residents is usually adequate for Ohio programs). For visitor or customer surveys, the period over which survey is to be conducted, which depends on community's recreation season, must be determined. The coordinators also need to specify list of firms which will be visited to obtain list of customers names and addresses.

2. Specialize survey instrument to your local community. The R&E staff produces the surveys.

3. Develop mailing strategy; decide whether prize package for award at end of survey period will be used.

   The prize package has proven to be an effective method for increasing the response rate, and reducing the need for a second or third mailing, and definitely reducing the sizes of second and third mailings. The net result is a higher response rate at a reduced cost.

4. For customer/visitor surveys, visit specified firm on specified day to obtain names and addresses of a specified number of visitors.

   In Ohio, the state R&E staff assists in setting up the schedule for the communities. The coordinators need to mail surveys to these visitors on a timely basis, for example, one week after their names and addresses are collected. Quick follow-up in mailing surveys will also increase response rate. It is the community's responsibility to mail the surveys.

5. Mail returned surveys to the R&E staff.

   The returned surveys are mailed to the R&E staff in groups of 30-50 questionnaires. Grouping the surveys allows the R&E staff to code the data in a timely manner, and provide interim reports to the coordinators throughout the survey period.

6. The R&E staff produces a report of the survey results.

The survey report is provided to the coordinators and the Visitors Bureau to be distributed and used as information for marketing and strategy development. The results of the survey are also part of the final and executive summary reports of the R&E program.

IV. The Successful R&E Program

The successful R&E program requires that each of the preparatory steps and process steps be carried out in a timely manner so that momentum is maintained and actions completed. However, the real success step is in the support for and commitment to the strategic plan so that its strategies are implemented in a timely fashion. All is for naught if the work is done, the plan is formed, and then nothing happens.

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